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High-level segment

**Summary record of the 47th meeting (Chamber A)**

Held at Headquarters, New York, on Thursday, 20 July 2017, at 10 a.m.

*President* Mr. Shava ..... (Zimbabwe)

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*The meeting was called to order at 10.15 a.m.*

**Agenda item 5: High-level segment (continued)**

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**(b) High-level policy dialogue with international financial and trade institutions**

*Panel discussion: "Current trends in economic and trade policy and the advancement of sustainable development"*

1. **Mr. Bhattacharya** (Senior Fellow for Global Economy and Development at Brookings Institute), moderator, said that the international community had reached a pinnacle in international cooperation and multilateral aspirations in 2015, with the development of the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and the Paris Agreement under the United Nations Framework Convention on Climate Change. Those instruments clearly defined international commitments and the trajectories to deliver on them in the remaining 13 years, recognizing that globalization and global cooperation would be essential to building the foundations of inclusive and sustainable growth. Nevertheless, the positive view of globalization had been increasingly called into question over the past two years, with the acknowledgement that it left people behind. It might therefore be necessary to rethink the role of key institutions. The perspectives of international financial and trade institutions were an important part of that dialogue, in particular their view of the challenges and the need to adjust trajectories to that new reality.

2. He asked the panellists to discuss which emerging trends in global trade and economic policy posed the greatest risk to advancing sustainable development, how the 2030 Agenda could address the actual and perceived challenges of globalization and what role multilateral institutions could play in devising solutions to global economic and social challenges, including slow global growth, inequality and economic and social imbalances.

3. **Mr. Wu Hongbo** (Under-Secretary-General for Economic and Social Affairs), panellist, said that the findings of the report entitled "World Economic and Social Survey 2017: Reflecting on seventy years of development policy analysis" (E/2017/50) indicated that the old approach to cooperation could not fulfil the transformative potential of the 2030 Agenda, which required an intersectoral perspective, integrated approaches to collaboration, the inclusion of all

stakeholders and a better understanding of national situations combined with tailored actions.

4. Introducing the report entitled "World economic situation and prospects as of mid-2017" (E/2017/65), he said that there had been some encouraging signs of revival following the sharp slowdown in world trade and global economic growth in 2016. Industrial production had picked up; world trade was reviving, driven by stronger demand in East Asia; and economic sentiment had generally improved, especially in developed economies. According to the report, world gross product was expected to expand by 2.7 per cent in 2017 and 2.9 per cent in 2018. Despite those advances, however, stronger economic activity was not evenly spread across States and regions. There had been a general uptick in growth in many of the large developed economies, improved prospects in many economies in transition and continued robust growth in East and South Asia. Nevertheless, the strength of recovery remained insufficient in many regions for rapid progress towards the Sustainable Development Goals. Average incomes in several parts of Africa and South America had declined in 2016 and were projected to increase only marginally in 2017 and 2018. Additionally, the report had downgraded forecasts for some of the poorest States. The gross domestic product (GDP) of the least developed countries was expected to rise by just 4.7 per cent in 2017 and 5.3 per cent in 2018, significantly below the Sustainable Development Goal target of at least 7 per cent growth. Without stronger growth, nearly 35 per cent of the population of least developed countries could remain in extreme poverty by 2030. High food prices in many States also raised short-term concerns for the more vulnerable members of society. The international community must therefore do more to deliver on its promise to leave no one behind.

5. A high degree of uncertainty in the international policy environment continued to cloud the outlook, especially for world trade, migration, development aid and climate targets. Those global challenges required a global response, but commitments to strengthen international policy coordination appeared to be waning. Challenges to the prevailing global economic, financial and trade system had stemmed largely from the belief that economic benefits were not shared evenly across States and population groups and were accompanied by inequality, financial instability and labour market and trade adjustments. The rising discontent with the uneven distribution of gains from globalization had fuelled more protectionist and inward-looking views in some economies, increasingly undermining multilateral engagements and

international cooperation in several domains. International coordination was essential for better aligning the multilateral trading system with social and environmental targets, expanding international public finance and official development assistance (ODA), supporting climate finance and clean technology transfer, and addressing the challenges posed by large movements of refugees and migrants. The ability of the international community to meet the current challenges would have far-reaching effects on the future of the global economy, globalization and sustainable development, as well as the realization of the 2030 Agenda.

6. **Mr. Mohieldin** (Senior Vice-President for the 2030 Development Agenda, United Nations Relations, and Partnerships at the World Bank Group), panellist, said that the achievement of the 2030 Agenda at the country level rested on three pillars: faster, sustainable and inclusive growth; continued investment in people; and safety nets and mechanisms to provide resilience in the face of disaster. To that end, the international community must mobilize resources to provide adequate financing and better data that would guide policymakers and improve governance and accountability in order to ensure the proper implementation of policies and institutional reforms at the country level. The recovery had been well underway since mid-2016 but remained fragile. While global figures received a lot of attention, it was also important to focus on country-level statistics.

7. Trade was central to efforts to end global poverty. Increased trade integration had helped to drive economic growth in advanced and developing economies in the second half of the twentieth century, lifting millions out of poverty. From 1988 to 2008, world trade as a share of GDP had increased to more than 50 per cent, and the average income had grown by 24 per cent globally. Trade could also boost productivity in both advanced and developing countries. One study had found that productivity increased nearly 1.25 per cent for every 1 per cent increase in trade openness. Additionally, open trade brought important but often overlooked benefits to lower-income households by offering consumers more affordable goods and services. Another study examining the hypothetical outcomes of halting all trade had found that the resulting price increases would reduce the real income of the poorest 10 per cent by as much as 46 per cent in Japan, 57 per cent in Brazil and 69 per cent in the United States.

8. Despite the positive impact of trade on growth, productivity, job opportunities and the well-being of lower-income households, many people felt that they

had not experienced the benefits of globalization and some blamed trade. A recent study of the United States labour market had found that regions exposed to import competition from Asia saw increased unemployment, decreased labour force participation and lower wages. Nevertheless, changes in technology, automation and a lack of necessary skills would have a profound impact on the changing nature of jobs. States must have smart policies, such as openness to trade, a strong safety net and continuous education, and education must prepare students for the jobs of the future. As certain sectors shrank and others expanded, improvements in labour mobility would benefit those who had been left behind by globalization through training programmes, job search assistance and relocation benefits. The World Bank encouraged policymakers in developing countries to consider policies that supported labour mobility in long-term planning.

9. While technology could be seen as a threat in some areas in the short term, it provided better access to financial markets at a lower cost through mobile money services and digital finance. However, it was important to determine whether technology was providing access to savings and opportunities, or simply debt. Such technology must therefore be accompanied by investments in financial literacy, regulations and consumer protection.

10. There were many advances in social protection schemes and safety nets, such as employment protection in European Union member States and conditional cash transfers in Latin America, Asia and Africa. In partnership with such institutions as the International Monetary Fund (IMF), the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD), the World Bank helped States to design and implement related policies. The forthcoming joint report was a good example of how those institutions were working together to help strengthen global trade through smart policies that could work for everyone.

11. **Mr. Agah** (Deputy Director-General of the World Trade Organization (WTO)), panellist, accompanying his statement with a digital slide presentation, said that the multilateral trading system was the most important tool to date to ensure predictability, security and fairness in international economic relations, and had responded effectively to shifts towards protectionism in the aftermath of the financial crisis. Trade could also provide the necessary resources to achieve development goals. For example, the WTO Agreement on Trade Facilitation had made trade more inclusive, its Information Technology Agreement had been

expanded to promote the diffusion of technology and the Trade-Related Aspects of Intellectual Property Rights had been amended to allow better access to medicine. In Nairobi, export subsidies in agriculture had been eliminated to reduce the distortions affecting developing-country producers.

12. The gap between developed and developing countries had narrowed as the latter's share of trade had significantly increased. Further integration into the multilateral trading system would improve access to new markets, technologies and investments, which were necessary for trade to better contribute to inclusive growth, poverty reduction and the achievement of the Sustainable Development Goals.

13. However, trade also posed challenges. While empirical evidence demonstrated that, in general, trade provided opportunities for job growth and better-paying jobs and improved skills and technology, thereby increasing productivity and competitiveness, it also required workers and companies to adjust. If they were unable to do so, and Governments could not implement policies to facilitate that adjustment, people were left behind. Additionally, some sectors of the economy, especially small and medium-sized enterprises, had difficulty reaching international markets, and some advanced economies had seen stagnating incomes and a prolonged economic downturn. The international community must therefore recognize the situation, which fuelled concerns about people being left behind by globalization, and address its causes, rather than increase protectionist measures.

14. Trade measures alone could not address those challenges. Far-reaching multilateral cooperation should be enhanced. States must implement policies to assist people in acquiring the necessary skills to access new jobs, improve the business environment in order to attract investment and reduce trade costs and barriers. Approaches must be tailored to the specific political and economic situations of States and mainstreamed into national development policy objectives. The international community must change the narrative, which was dominated by anti-globalization sentiment, to focus more on the success stories and lessons learned. Developed countries needed to support growth in developing countries by keeping their markets open so that the developing country markets could in turn support new trade flows of developed-country exports.

15. **Mr. Bhattacharya** (Senior Fellow for Global Economy and Development at Brookings Institute) said that, given the present controversy over trade, the WTO dispute settlement mechanism was a powerful response to proposals for unilateral action. It must be

well-publicized and serve as a response to the charge of unfair trade practices.

16. **Ms. Durant** (Deputy Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)), panellist, said that developed countries were seeing an increase in populism, protectionism and xenophobia, which challenged the solidarity that was needed to achieve the Sustainable Development Goals, especially in financing. The 2030 Agenda was shared by all. Paradoxically, the developing countries were now attempting to convince the developed countries of the benefits of globalization that was inclusive and did not leave behind the poorest and least developed countries or leave workers with bad prospects, as that drove them to support populism. States must therefore focus on export development and trade reform. UNCTAD worked with States to increase and strengthen the capacity, knowledge, expertise and tools of stakeholders in least developed countries; finance and support trade; facilitate investments; and develop policies to promote regulated competition and protect the environment. Export policies must also integrate sustainable development and environmental goals.

17. While some States had focused their efforts on promoting protectionism, it was the austerity measures adopted after the financial crisis that were holding back global demand. Financial regulations remained unstable and unsustainable. The overemphasis on monetary policy and fiscal austerity had prevented the revival of global demand, which was badly needed. Unfortunately, with interest rates increasing in the United States, the international community risked returning to business as usual.

18. Technology was rapidly changing, but its benefits were not shared equally. Developing countries must be assisted in reducing the digital gap, especially in growing sectors such as e-commerce. In 2015, e-commerce worldwide was valued at more than \$25 trillion, but there was only one developing country among the top ten digital economies. Africa therefore desperately needed infrastructure connectivity; electronic payment systems, which could also help to combat corruption; trade logistics; and legal frameworks for Internet security. In that regard, UNCTAD had launched its eTrade for All initiative. The Industry 4.0 revolution would completely change the development options available to developing countries. The least developed countries in Africa had hoped to profit from the rising costs of labour in China and other States, but automation and artificial intelligence had made that scenario less likely, and the growing youth population was left to ponder the prospects for future jobs.

19. The international community must therefore honour its commitments under the 2030 Agenda and the Addis Ababa Action Agenda and make further investment commitments to assist least developed countries in meeting their needs and overcoming obstacles, especially in the banking sector. However, commitments in other areas, such as migration and displacement and climate finance, must also not be forgotten.

20. **Mr. Nolan** (Deputy Director of the Strategy, Policy and Review Department of the International Monetary Fund (IMF)), panellist, accompanying his statement with a digital slide presentation, said that the global growth recovery that had been consistently forecast in recent years had failed to materialize. World output was picking up slowly and would probably reach 3.75 per cent in 2017, but remained well below pre-crisis levels. The large shortfall in low-income developing countries was troubling. Medium growth prospects were subdued across advanced countries and many developing countries. There were also many significant medium-term risks to the ongoing moderate recovery, such as policy uncertainty in major advanced economies, the resurgence of protectionism and the high leverage of capital in many advanced and emerging economies.

21. Interest rates had been low for a long time in advanced economies, and inflation rates were set to rise but would remain very low by historical standards. Low interest rates were essential to achieving the Sustainable Development Goals, as they provided important opportunities for the South to access funds at lower costs. There had been large, albeit volatile, capital flows from the North to many emerging market economies. The public debt burden was very high in advanced economies, with a weighted average of over 100 per cent. In emerging and developing economies, debt was on an upward trend, and up to 40 per cent of low-income countries were beginning to approach a high risk of debt distress as measured by the World Bank-IMF Debt Sustainability Framework. International trade growth remained sluggish, but there had been a steady rise over time in flows of remittances to developing countries, which currently dwarfed ODA and had become an important and stable source of foreign exchange earnings for many developing countries.

22. Inequality across the global population, as measured by the Gini coefficient, was steadily declining, which reflected the rapid pace of growth in some large emerging markets and developing economies. On the other hand, inequality within States was rising, particularly in advanced economies,

jeopardizing their ability to achieve the Sustainable Development Goals and threatening the sustainability of the international trading system, which had been central to the impressive performance of the global economy over the last 50 years. Growth had been slower than predicted at the third International Conference on Financing for Development in 2015. Cumulative GDP growth for lower-income countries for the period from 2015 to 2020 had been revised downward, from 35 per cent to 26 per cent. Growth was even slower for many commodity exporters in low-income countries. The lower growth projections would make the achievement of the Sustainable Development Goals commensurately more difficult. The forecast for emerging market economies had also been revised downward, while the forecast for China and India remained unchanged.

23. Turning to policies that could support the 2030 Agenda, he said that the key priorities of advanced economies were reinvigorating productivity growth and tackling rising inequality by broadening opportunities for all. With respect to the challenges facing developing countries, the policy recommendations in the Addis Ababa Action Agenda remained fully relevant. The national policies of developing countries must aim to boost domestic revenue mobilization. Governments must take action to reform tax administrations and policies, and development partners must support those efforts by providing technical assistance and capacity-building. There must also be a transparent, stable and predictable investment climate for private firms of all sizes. The Agenda also strongly emphasized inclusive essential public services, gender equality and full access to financial services. Since 2015, those issues had gained even greater prominence in the international policy agenda, and the international community must ensure that the appropriate measures were implemented.

24. In order to address systemic issues, policies must support trade openness and strengthen the global financial architecture. Significant progress had been made in implementing global financial sector regulations in recent years, although more work needed to be done in areas such as shadow banking regulations. The global financial safety net had also been strengthened. In 2016, the IMF governance reform of 2010 had finally been implemented, substantially strengthening the core financing of IMF and its financial safety net. The Fund had developed closer ties with regional financial institutions to facilitate coordination in handling shocks. Additionally, international tax cooperation must be scaled up. The international community must assist tax

authorities in low-income countries in accessing information and taking advantage of new initiatives, some of which would require significant capacity. Infrastructure gaps in developing countries must be addressed and private investment to fund those projects must be facilitated. Governments had agreed to change policy environments, and development partners had agreed to develop a pipeline of bankable projects, provide technical support for feasibility studies, negotiate complex contracts, manage projects and develop blended finance.

25. Multilateral institutions must implement their mandates and deepen analytical and diagnostic work on issues such as boosting productivity growth, increasing the female labour force participation rate and improving the quality of opportunities for all. They must also collaborate more effectively across institutions to take advantage of their various areas of expertise. IMF must continue to give high priority to the prevention of financial crises and support States facing balance of payments difficulties. The Fund must also expand its support for capacity development, especially in the areas of taxation, public financial management, infrastructure policy support and financial stability.

26. **Mr. Frantz** (Deputy Secretary-General of the Organization for Economic Cooperation and Development (OECD)), guest speaker, said that the global outlook had brightened in the past year, but it was not good enough to reduce persistent and rising inequality, which was one of the main obstacles to sustainable development. In OECD countries, real median incomes had not increased in 20 years. The economy could not counteract the technology revolution, which was causing job losses in manufacturing and in specific regions, or cushion economies against geopolitical shocks and the resulting financial instability.

27. In recent decades, OECD tax systems had tended to shift the tax burden onto labour and become less progressive. Globalization had facilitated tax evasion and avoidance, fed the dominance of leading firms in some sectors and allowed the rise of market distortions and unfair trade practices. The combination of technological change and globalization had put many jobs at risk, contributing to the polarization of labour markets. As a result, many people were angry about the effects of globalization and the growing concentration of wealth in the hands of the elites. There were increasing calls for protectionism in some Governments, which had begun to discuss tariffs, quotas and subsidies as a way of saving domestic jobs. However, protectionism would only serve to decrease

the competitiveness of domestic firms in export markets, cause a drop in GDP and hold back the economic growth required to support the Sustainable Development Goals.

28. In order to combat those challenges, OECD was designing policies rooted in inclusive growth and well-being. The international system must provide a more level playing field. Domestic reforms must therefore boost competition, job creation, skills and innovation. On a macro level, policymakers must employ the full range of international economic cooperation tools in order to ensure high standards of conduct for businesses, fair and transparent cross-border tax arrangements, a reduction in corruption and respect for labour and environmental standards. Targeted policies must assist those at risk of being left behind in seizing new opportunities. Multilateral organizations must help define globally acceptable investment criteria to allow investment funds and businesses to target sustainable business opportunities, particularly in the developing world. They must work with Governments to adopt those criteria at the national and local levels.

29. **Mr. Bhattacharya** (Senior Fellow for Global Economy and Development at Brookings Institute) said that the challenges facing the international community were daunting. Weak and uneven growth, which increased vulnerability and inequality, had led to structural challenges and must be addressed. The international community must also focus on sustainable growth and recognize the challenge posed by planetary boundaries, including climate change. A recent OECD report entitled "Investing in Climate, Investing in Growth" stated that climate action should be seen as an opportunity and not as a cost. A low-carbon growth path was the only one for a sustainable future. The uncertainty surrounding the impact of technology, especially artificial intelligence, clouded the future of jobs. The risks were present in both the developed and developing world, and artificial intelligence raised significant new issues in regulatory policy.

30. While the challenges were unprecedented, so were the opportunities to shape new investment in a benign interest-rate environment with the knowledge acquired from recent decades. In order to adapt to the modern multipolar world, multilateral institutions must be more democratic. While IMF and World Bank reforms were significant, they did not go far enough. True multilateral solutions required multilateral institutions to be deeply rooted in multilateral governance. There was much to be learned from the governance of twenty-first-century institutions, such as the Asian Infrastructure Investment Bank. International

cooperation was the only way to achieve the Sustainable Development Goals.

31. **Ms. Asare** (Ghana) said that in order to foster long-term quality investment, Ghana focused on increasing the mobilization of domestic public resources and developing and strengthening regulatory frameworks to better align domestic and international business and finance with public goals. The Government had therefore restored microeconomic stability, shifted the focus of economic management from taxation to production, supported business financing, provided incentives for the production of raw materials for industry and strengthened tax administration systems. As result, the World Bank report "Doing Business 2017" had ranked Ghana as the best place to do business in West Africa.

32. The Government was committed to private sector partnerships with a view to accelerating economic growth and prosperity through initiatives that would facilitate the decentralization of business activities, such as the private-led "One District One Factory" initiative. The National Entrepreneurship and Innovation Plan would provide support for businesses in the early stages, including business development services, business incubators and funding for youth-owned businesses. It would also work to improve the unreliable and expensive power supply so that businesses could focus on more productive and innovative issues. Ghana had concluded an investment compact under the Group of 20 "Compact with Africa" initiative to address the constraints inhibiting private sector investment and had signed on to a new subregional initiative to improve economic cooperation, which included a commitment to find solutions to ensure the resilience of cocoa to price volatility in the international market. Ghana had a solid tradition of investment in agro-processing. The financial services and telecommunications sectors were quickly gaining ground, and further opportunities existed in manufacturing, information and communications technology, and tourism.

33. The Government had outlined a strategy to ensure the full implementation of the 2030 Agenda and the African Union Agenda 2063, working with authorities at the national and local levels to determine the extent to which the existing development priorities had aligned with the goals and targets of the two agendas. Approximately 70 per cent of the targets of the Sustainable Development Goals were reflected in the current medium-term development framework for 2014 to 2017, and the next three-year framework would fully align with the two agendas. The targets of both agendas had also been incorporated into the long-term

development plan, which would be fully funded by budgetary allocations. Adequate monitoring and evaluation mechanisms would be established to guarantee its implementation.

34. **Mr. Bhattacharya** (Senior Fellow for Global Economy and Development at Brookings Institute) said that there were currently seven African States participating in the G20 Compact with Africa, which had the potential to build partnerships that would bring in private investment, backed by country actions and commitments from other development partners.

35. **Ms. Japple** (International Trade Centre (ITC)) said that inclusive trade was an important tool for achieving the 2030 Agenda and provided many benefits, such as job creation, opportunities for women and youth, quality and choice for consumers and links between economies and communities. However, the benefits of trade had not always reached those in need. It could also make jobs obsolete and create an uneven playing field. ITC was therefore committed to supporting inclusive and sustainable trade that worked for all. The Centre worked with micro-, small and medium-sized enterprises in developing countries to increase competitiveness by providing practical support, access to trade intelligence and institutional support for national and regional organizations, as well as helping policymakers incorporate a business perspective into the policy process.

36. Women were an important part of inclusive trade. The economic and social empowerment of women led to stronger growth and more prosperous societies, and a trade agenda that specifically recognized and acted on their empowerment could be a strong force for inclusive growth. Under the ITC SheTrades initiative, over 100 trade support institutions around the world had committed to supporting 850,000 women entrepreneurs in accessing international markets. Practical partnerships were also essential to the idea of good trade. Multilateral institutions must implement their mandates and form partnerships that went beyond multilateral organizations. Governments and local and regional institutions were essential to those partnerships in order to ensure that the environment was conducive to good trade and that small firms and women entrepreneurs received the necessary support. The private sector and other United Nations entities could also play a role, making important contributions in their own areas of expertise.

37. **Mr. Conceição** (United Nations Development Programme) said that, in the past, the economy as a whole had made gains that compensated for losses in more technologically advanced sectors, but some

people had been left behind in the transition. Unfortunately, that transition period was now likely to occur at a time when the international community needed to stand behind the implementation of the 2030 Agenda. He therefore wished to know how the international community could manage the transition.

38. In the past two decades, there had been a worrisome divergence between economic performance and average household income, affecting both developed and developing countries. Data from the International Labour Organization had shown that increases in labour productivity did not equate to an increase in the standard of living. The declining role of manufacturing also gave cause for concern. Traditionally, economic development occurred through a transition from agriculture to manufacturing, and then from manufacturing to services. However, some developing countries appeared to be transitioning directly from agriculture to services, which were often low-paid and low-skilled. That trend might be exacerbated by technological changes in the future, thereby making development more difficult than in the past. He wondered what paths development could take going forward.

39. **Mr. Frantz** (Deputy Secretary-General of the Organization for Economic Cooperation and Development (OECD)) said that the current technological revolution was different from any other in history. For example, the Industrial Revolution had spanned several decades and there had been time to make a transition to new jobs and economies. The speed of the current technological revolution did not provide enough time to make that transition. A recent OECD study had found that education systems in OECD countries could not keep pace with machine learning, which could have significant consequences for labour across the world. Multilateral organizations must address those issues.

40. **Mr. Mohieldin** (Senior Vice-President for the 2030 Development Agenda, United Nations Relations, and Partnerships at the World Bank Group), said that the World Bank was working to identify areas of progress in investment in human capital, including the development of a new human capital index that would begin with early childhood investments in health and education.

41. Even during the Industrial Revolution, the economic changes had outpaced social development, which had arguably led to the First World War. Issues related to social safety nets and protection must therefore be addressed in order to manage shocks. While it was important to consider manufacturing and

industrialization, especially in developing countries in the Middle East and Africa, other proposals could be more suitable to the current challenges and opportunities in digitalization and there were many good examples of inclusive growth. For instance, countries such as China, Singapore and Malaysia had managed to accomplish in 30 years what had taken nearly 200 in many European countries.

42. The international community must stress the importance of working with the private sector, whose dynamism and expertise could guide investment while minimizing the cost to tax payers. With the billions to trillions initiative, the World Bank had hoped that ODA and public finance could be leveraged to fund activities for inclusive economic growth. Unfortunately, there had been a decline in private sector contributions to investment and essential infrastructure due to complicated regulations and crowding out by the public sector. The international community should do better in leveraging both the private sector and public money to reach the Sustainable Development Goals.

43. **Mr. Bhattacharya** (Senior Fellow for Global Economy and Development at Brookings Institute) said that moving from billions to trillions might require more sophisticated architecture on blended finance. Employment was made more complex by the fact that people and education systems risked falling behind machines. That situation could also exacerbate inequality, as the owners of the machines would make the money, rather than the large number of people no longer able to compete. For that reason, there had been calls for a basic minimum income. However, that would not be sufficient to address the issue. He wondered what type of national and international cooperation would be needed to establish a policy regime.

44. **Ms. Durant** (Deputy Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)) said that, in addition to the challenges posed by technological changes, the transition was too slow and insufficient to address the rapid changes in climate and environmental degradation, which would lead to environmental debt and climate refugees. The international community must also consider the effects of demographic shocks on the relationship between growth and productivity and the nature of employment. The decentralization of the economy was another important issue, especially in least developed countries where the focus was often on large urban centres. Women, youth, migrants and other vulnerable groups should also be included in the quest to find solutions.

45. **Mr. Babajide** (European Union) said that it was important to leverage financing and identify innovative instruments in order to address needs. The European Union and its member States had adapted their development approach to meet the challenges of the 2030 Agenda, and development interventions would focus on assisting countries in achieving the Sustainable Development Goals. The European Commission had established an investment plan in order to leverage additional contributions from the private and public sectors and support projects and small and medium-sized enterprises that would have difficulty securing funding from banks or institutional investors. The plan, which aimed to raise €44 billion, would target Africa and Europe. The European Union also had experience working with guarantee schemes and de-risking. Since 2007, the Commission had used €3.4 billion of European Union grants to leverage €26 billion in loans to support many projects, including a programme to support women in businesses in Eastern Europe; a wind farm project in Egypt; and a water and sanitation initiative in Uganda, Kenya and Tanzania.

46. The response to challenges should focus on helping countries reach the Sustainable Development Goals and create innovative instruments, like the European investment plan, with a view to generating the trillions that were needed to implement the 2030 Agenda.

47. **Mr. Agah** (Deputy Director-General of the World Trade Organization (WTO)) said that, from a trade policy perspective, consistency was one important underlying factor of success. In Africa, the direction of policies changed every decade and Governments responded to them without establishing foundations, which caused them to lose any gains they might have made over time. The world would continue to experience economic upheavals and changes in technology, but government policy response needed to be consistent and aligned with national development objectives. In order to use trade as a development tool, States must examine their current and potential future markets and then determine their technology policy, which would in turn guide investments, educational policy and partnerships.

48. The policy analysis and advocacy of multilateral institutions sometimes did not reflect the specific needs of States. Institutions must therefore look beyond a one-size-fits-all solution to determine how best to assist States in achieving their goals. In economies with a weak private sector, he wondered whether it was really possible for the private sector to step in and

generate the kind of growth needed to lift millions out of poverty without government involvement.

49. **Mr. Nolan** (Deputy Director of the Strategy, Policy and Review Department of the International Monetary Fund (IMF)) said that substantial technological change, which was often transmitted geographically through international trade, was disruptive, and transitions were often long and painful. The international community already understood the importance of social safety nets, the role of active labour market policies and the need for responsive education systems, although it was easier to implement activities in those areas in an advanced economy. IMF, WTO and the World Bank had released a joint report on making trade an engine of growth for all, which addressed how to manage transitions and support those who failed to benefit from them. The level of social cohesion and a commitment to inclusion determined whether national policies were implemented to manage the transition.

50. A lack of infrastructure and of a business climate represented key obstacles to industrialization in low-income countries. It was not possible to benefit from global value chains without adequate infrastructure. It was therefore important to support infrastructure investment in poor countries, ensure the involvement of the private sector and develop new instruments where required. States already had the desire to increase private sector investment, and development finance agencies had recognized the need to leverage private funds. The current challenge therefore was to determine the appropriate financial instruments. Host-country Governments must undertake the necessary policy reforms, such as electricity tariffs, and development partners must deliver the instruments and technical support.

51. **Mr. Bhattacharya** (Senior Fellow for Global Economy and Development at Brookings Institute) said that, in the context of the 2030 Agenda, infrastructure was essential to both growth and the delivery of basic services. Unfortunately, there were many opportunities that could not be capitalized on and needs that could not be met due to a lack of planning, institutions and governance, as well as a lack of capacity in the private sector at the local level. Additionally, the international community was unable to translate savings into the right kind of finance at the right time, an issue made more complex by the risks associated with infrastructure. The public sector and public institutions, including multilateral and development finance institutions, had a critical role to play in addressing those gaps. In order to deliver on the 2030

Agenda, the international community must double the stock of capital in infrastructure.

52. **Mr. Mohieldin** (Senior Vice-President for the 2030 Development Agenda, United Nations Relations, and Partnerships at the World Bank Group) said that the international community must also examine the issues from a country perspective. In the face of significant globalization trends and trade liberalization, some States were losing under protectionism policies. The international community must therefore ask country-specific questions to determine whether there were well-coordinated national policies, effective institutions and adequate investments in human capital. Those questions were fundamental, whether the solution was manufacturing or digitalization. The problems at the national level could not simply be attributed to what was happening on a global scale.

*The meeting rose at 12.25 p.m.*